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PA/HO Department of State
E.O. 12958, as amended
September 6, 2007

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By S.D.T./USA Date 9/4/94



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THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

26 JUN 1970

JCA
Palmer

REPRODUCED AT THE NATIONAL ARCHIVES

6/26/70

PACKARD, Dave

"Economic Assistance Agreement"

Def 15 Libya-US

K1 Def 4 Libya-US

Honorable U. Alexis Johnson
Under Secretary for Political Affairs
Department of State
Washington, D. C. 20520

Dear Alex:

I am replying to your letter of June 2nd about possible payments due to the Libyan Government, under the 1954 Economic Assistance Agreement, as a quid pro quo for the use of Wheelus through November 1969.

Given the differing views of Counsel, I believe it would be an error to give the Libyans any statement to the effect that we owe them anything under the Economic Assistance Agreement. I should add that our lawyers remain convinced that we do not have a legal obligation to pay the amounts in question, and I do not think that we should be reluctant to explain to the Libyans that our records show that the payments agreed under the Economic Assistance Agreement in 1954 represented an average annual quid pro quo of \$2 million.

As a practical matter, I would recommend against any further payments -- regardless of how one comes out of the legal question -- in view of our claim for damages resulting from our forced, premature withdrawal from Wheelus. That claim exceeds, and thus cancels out, the \$1.9 million that the Libyans might argue are due under the Economic Assistance Agreement.

I recommend that Ambassador Palmer be instructed accordingly.

Sincerely,

W. Palmer

MICROFILMED
BY S/S-I

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